

## SOUTH AFRICA AND THE IORA

# Feeling good without a good strategy?



Time to simply talk about economic diplomacy and the national interest has run out. A clear strategy and implementation by government and business is needed.

By Lindo Mlaba

The participation of South Africa in the Indian Ocean Rim Association (IORA) business forum and leaders' summit from 05-07 March 2017 raises questions of the relevance of all these forums for a country expected to experience 1% or less economic growth in 2017. The IORA summit is being convened under the theme "Strengthening maritime co-operation for a peaceful, stable, and prosperous Indian Ocean" to commemorate 20 years of the

association's existence, the presidency said in a statement. South Africa is the founding member alongside Indonesia and is the current Vice Chair of IORA, and is preparing to take over the Chair from Indonesia during the latter part of 2017 until 2019. The Vice Chair forms part of the IORA Troika of Ministers (Australia, Indonesia and South Africa), which is consulted on important matters and decisions within the Association. It is expected that the next IORA Council of Ministers Meeting will

take place in Durban later this year, when South Africa assumes the Chair of IORA. South Africa views IORA, comprising twenty-one Member States and seven Dialogue Partners, as the pre-eminent organisation linking Africa, the Middle East, Asia, and Australasia via the Indian Ocean. According to DIRCO, the Association represents an important region for global trade and economic development, which is growing in stature and prominence, with South Africa being one of the

leading Member States.

This is just one of the multilateral platforms that South Africa has joined, but the economic returns are minimal. Maybe I should mention a few to highlight my concern: G20, WEF, IBSA, BRICS, G77, the Commonwealth and many more. In some of these South Africa is the only African country, expected to represent the entire continent. The biggest question is whether these are just talk shops or does South Africa know or have the necessary expertise for engagement in these economic multilateral forums? The emergency meetings called by the President when the country faced economic disaster and possibility of non-investment downgrades by international rating agencies raised concerns and portrayed a fragmented relationship between government and business as Mokokera of ISS previously stated. Does it mean government and business in South Africa do not have a formal platform or strategy to aggressively take advantage of the many opportunities offered to the country through the economic multilateral platforms? Who will represent the business community in the IORA, and how are they selected? None of this disclosure is available on the DIRCO website.

My biggest concern is that South Africa continues to play in the international stage and is a member of almost all economic multilateral platforms, but it seems to have no strategy to use effectively such platforms to address issues of national interest. These economic platforms require a different strategy from our known stance of a 'moral, human rights, peace and democracy' based foreign policy. South Africa needs to clearly define its economic diplomacy approach within its broader foreign policy and this should involve both government and non-state actors. The economic diplomacy strategy needs to be based on the domestic needs of the country, better known as our national interest. The globalised world where sovereign states, in partnership with or supporting their corporates, compete for trade and investment opportunities has little or no space for a country not bold enough to place its

national interest as a prerequisite for engagement. An effective economic diplomacy with clear articulation of its national interest is a must have if South Africa is to overcome the current economic crisis.

It's hard to actually imagine a concrete and viable economic diplomacy strategy or even an effective relationship between business and government in a country where socio-economic and economic policy is forever changing. To address inequality the Reconstruction and Development Programme (RDP) and BEE were introduced. It appears that the RDP focussed far too narrowly on fiscal prudence and the reallocation of existing revenues. The government suffered from a lack of sufficiently

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skilled managers, while the policy co-ordination and implementation methods used were not proven successful. The Growth, Employment and Redistribution (GEAR) strategy was introduced in 1996 by Thabo Mbeki to stimulate faster economic growth which was required to provide resources to meet social investment needs. GEAR was perceived by the SACP and COSATU to be favouring business at the cost of redress. The document was described as mirroring the Growth for All produced by the South African Foundation, calling for a market friendly economy.

GEAR was replaced in 2005 by the Accelerated and Shared Growth Initiative for South Africa (ASGISA) as a further development on the first two developmental strategies in the post 1994 era. ASGISA was replaced with New Growth Path (GNP) after the resignation of Thabo Mbeki, with Zuma taking the number one position in the

country. It did not stop there, as in early 2013 the government introduced the National Development Plan (NDP) 2030 as South Africa's long-term socio-economic development roadmap. These forever changing economic policies portray a country twenty years after democracy still seeking to define its national interest. This is bound to frighten business and create uncertainty for international investors looking to invest in South Africa. The question is, with the constant changes, what message is communicated in all the platforms the country engages in? Is it a new policy after every two or three years? This confusion surely frightens investors and drives them to more stable markets with clear and long term policies.

The everyday protests over service delivery, debilitating infrastructure, loss of jobs and the wave of xenophobic type attacks should be a wakeup call for the state. South Africa cannot continue being a country known to be part of every multilateral forum and a host to international events with no returns to the economy. I browsed through the DIRCO website to see if there are any immediate strategies to ensure short term returns from this gathering (IORA) and the state visit to Indonesia. I am almost convinced it's another talk shop for South Africa as it will be when it becomes chair of IORA.

Have there have been any benefits for South Africa from being a member of IORA for the last 19 years? Is this a solution to the glaring crisis facing the country or another international engagement with no returns? What are the intended economic benefits as the country will take over the chair? Is the business sector on board and aware of the opportunities that they have to grab, if any, to be presented by the country taking over the chair? Is this going to address the wave of protests listed above and the 'fees must fall' movement? Will it address the entrenched economic inequalities and the growing gap between the rich and the poor? The increasing public health budget needs? There must be an explanation of how these multilateral forums in which South Africa invests so much can help resolve these national crises.

My own observation of the last twenty years or so suggests that this is mainly about international trips for political heads and officials, hotel accommodation, flight costs, entertainment and banquets – and all these costs are met by the tax payers.

The real returns are minimal and this gives us more reasons to wonder if these are really necessary or beneficial to the country. The government does not seem to have a strategy or approach to generate returns out of these engagements. South Africa has built a reputation and presence on the international stage in the past twenty years; it's time to see the returns. But hey, it might be too late; the current reputation seeming to spring out of South Africa might erode the image of the last twenty years.

The attacks on chapter nine institutions, the Constitutional Court ruling on the President, the violent protests at universities, the images from parliament, the Gauteng mentally ill health care disaster, the rating downgrade to junk status and more negative images broadcast in the international media may repaint the image of this country as just another African country in crisis. The lavish international conferences might also suffer the consequences from concerns of safety due to images of violent protests and xenophobic type attacks. The respect and leadership once expected by other African countries from a South Africa which now fails to protect their nationals is fast fading.

Perhaps it is expecting too much from a country where there is a collision between the different arms of the state. The Deputy President, Cyril Ramaphosa, during the Pravin Gordhan and NPA saga, said the government seems to be at war with itself. The current situation playing out now between the Department of Social Development, SASSA and Parliament Portfolio Committee is a demonstration of the crisis in government. The media briefing by the Social Development Minister, Bathabile Dlamini, on 05 March 2017, and her mentioning that she cannot answer for the National Treasury is a further demonstration of a government

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in crisis. This seemed to demonstrate that Dlamini and Gordhan, regardless of both being in cabinet and from the same party, are not seeing eye to eye. Since then Gordhan has been removed as the Minister of Finance. The security cluster Ministers sounded as if they are shifting the blame to the media for creating a situation that might cause panic and a crisis.

These latest events are just the tip of the iceberg. The crisis we see in government makes me wonder if the required economic diplomacy strategy is feasible in a government 'at war with itself'. Trade and investment are said to be very sensitive to market conditions as is the currency. Investors are cautious of a market where the signs of instability are growing by the day. South Africa is at a stage where the Constitutional Court rules against the government, which is supposed to protect and uphold the constitution. The recent talks between the opposition parties to secure a motion of no confidence in the president with a secret ballot are a sign of the deepening of the crisis.

This instability is resulting in the

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quality of life of those who were previously marginalised getting worse. But then who is to improve the quality of life for the poor if the liberation movement is in crisis? The media recently reported on failed attempts within the ANC to have President Zuma recalled. There have been reports of a call by the veterans for the ANC to convene a National Consultative Conference to do an in-depth and strategic analysis of the crisis the organisation is facing.

There are many signs of a looming split in the ANC preceding the elective conference. Mixed messages have emanated from the ruling party following the land issue tabled by the EFF in parliament. The Tripartite Alliance does not seem to hold, and this is demonstrated by the killings in KZN between ANC and SACP members. The Deputy President announced the minimum wage without the signature of Cosatu on the dotted line. These are just a few out of many differences in the ruling party and the alliance and the crisis facing government.

So, are President Zuma and the Minister of DIRCO joining IORA counterparts in Jakarta with a message from the government, or from a certain faction in the ANC? Is the business community joining the business forum in Jakarta with clear objectives of the national economic needs of this country? It's a pity because as much as the country participates in these platforms, there is never a report on investment gains on the tax payers' money spent. This country has paid its dues for the political and economic sanctions backing of the liberation movement against apartheid. The solution to the ever growing violent protests and xenophobic type attacks is maximisation of returns from every investment on international engagements. Time to simply talk about economic diplomacy and the national interest has run out. A clear strategy and implementation by government and business is needed. I would like to count on the current leadership to achieve this, but I think it's far from their capability as demonstrated over the years. ■